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Glass-Breakage Detectors

Video Store Security

Aesthetic Installation

Short-Range Wireless Quiz

A CAHNERS PUBLICATION

JULY 1992

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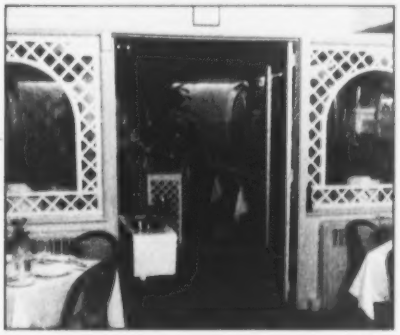
A Cahners Publication *Volume 22, No. 8* *July 1992*

64 *Access control is enhanced with personal computers.*



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James Glacchetti, field coordinator for First Security Systems Inc., Naperville, IL, installs a proximity reader on an access control system in a commerical environment. For more on making the most of access-control systems, turn to page 64.

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HOME SECURITY SERIES

Alarm System Sales: Who Buys, Who Doesn't

Price is the primary motivator in the consumer electronic security buying decision.

By Simon Hakim and Andrew Buck

A recent network television program reported that 17% of Americans own a camcorder, a purchase that could cost in excess of a thousand dollars with accessories. Yet, according to various security industry statistics, only 7% to 10% of U.S. households are equipped with a security system. The growth of security system ownership virtually crawls compared with the blinding speed at which consumers purchase electronic equipment.

Clearly, the electronic security industry's marketing efforts need a boost. Consumer demographics are one of the best tools for formulating a successful marketing program. Marketing planners need to understand what motivates people to buy alarm systems. They need answers to questions such as: What are the socio-economic characteristics of alarm owners? What are the main reasons they purchase alarm systems? Why don't others with similar profiles buy alarms?

Photo courtesy of Interactive Technologies Inc.

Families with children who live in the vicinity of a recent burglary are prime prospects for a security system.

A study on the effectiveness of alarm systems probed these questions. According to security system owners and non-owners who were studied, the main motive for buying a security system is for personal protection—more often to protect one's spouse and children than to protect property.

More than any other reason, security systems are purchased when that protection is affordable, a factor mentioned by 46% of survey respondents.

Having an acquaintance who was victimized is the second most common reason people purchase alarm systems, mentioned by 38%.

Most people don't buy a security system to "keep up with the Joneses," however. Only 12% said that they acquired an alarm system because their neighbors had one. In fact, 36% of alarm owners do not know whether the same alarm company protects their neighbors, according to the study.

Often a single factor is not enough to prompt an alarm purchase. More than 60% of alarm owners bought their systems for a combination of two reasons. One of the most common combinations cited was that a family feels it can afford an alarm system and learns that an acquaintance, typically a neighbor, was recently burglarized.

When asked which features of a security system caused them to buy, 65% of the consumers said they bought the system for its burglar detection function. Only 5% said they bought a system for its fire detection function, which is incongruous with the widely professed consumer preference for protecting loved ones over property.

The factors that compel people to buy alarm systems are probably old hat to most dealers. Perhaps more mysterious are the reasons for not purchasing one.

Why not buy an alarm?

In the study, the most frequently cited reason for not purchasing a security system, mentioned by 46%, is that they are too expensive. Yet the homeowners studied have relatively high incomes, which suggests that although they probably can afford a system, they do not consider it to be a cost-effective investment.

The second most frequent reason for not purchasing electronic security, mentioned by 42%, is that the respondents simply had not thought about it. Most homeowners give some thought to burglary. A high percentage report that they know someone who has been burglarized. These same homeowners

Study methodology

A study, "The Effectiveness of Burglar Alarms," was conducted in three suburban Philadelphia communities between 1989 and 1991. Questionnaires were mailed to 1,110 alarm owners and a matching group of 789 non-alarm owners who live adjacent to the owners. The response rate was 42%.

probably also can recite the usual litany of steps to take to improve home security. What appears to be lacking is the alarm industry's presence in the public eye, which would lead consumers to consider an alarm system for protection.

Third on the list of reasons for not purchasing a security system, mentioned by 25%, is the concern about the nuisance that might be caused by false alarms. Additionally, the perception that false alarm fines are too steep kept 11% from purchasing a system.

A relatively small group, only 9%, think that alarm systems are ineffective. This is consistent with the results of a nationwide study conducted last year by The Consumer Network Inc., Philadelphia (reported in *SDM*), which show that a large majority, 68%, of consumers believe that home burglar alarms are effective.

Economic profile

A distinct economic profile of an alarm owner was revealed by the study. Alarm owners have at least 10% higher incomes than non-owners and their homes have an assessed value that is at least 14% higher than the homes of non-owners. The average annual household income of an alarm owner is $92,966; of a non-owner, $69,300.

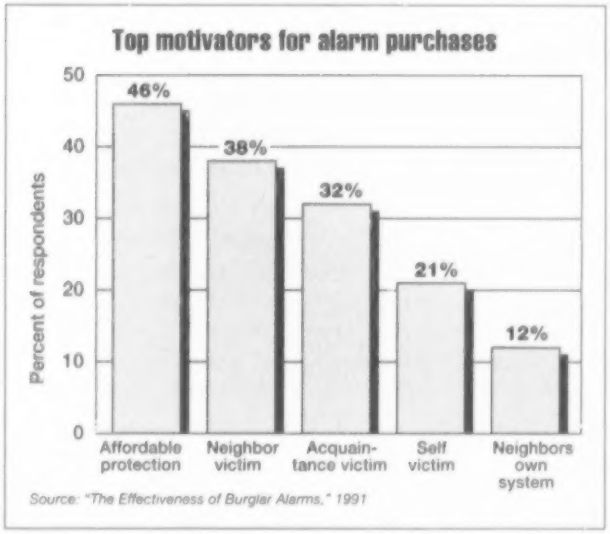
The wealthier the community, the greater the difference in income between alarm owners and non-owners. For example, in the community studied that had the lowest average income, alarm owner income is 10% higher than that of non-owners. In the middle-income community studied, the average income of alarm owners is 41% higher than non-owners. In the wealthiest community, average income of alarm owners is 46% higher. Also, the higher the income bracket, the larger the percentage of alarm owners in a given community.

Using the statistics

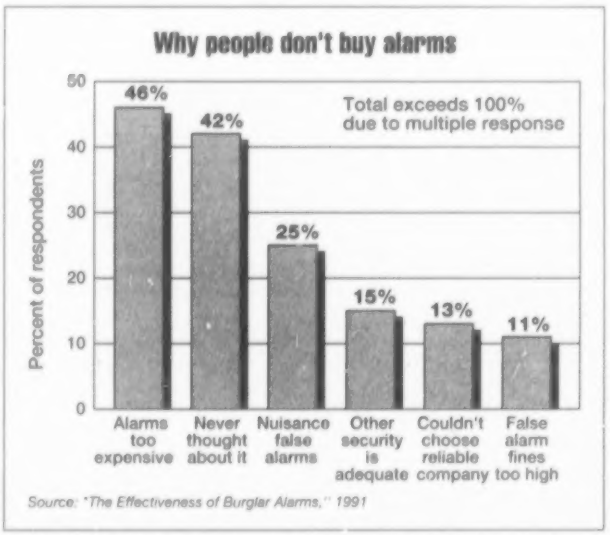
In addition to revealing the economic and motivational profiles of an alarm owner, the study showed that elderly people are less likely to buy alarms than are families with young children. Several respondents said the female head of the household was the driving force behind the purchase.

Higher-income households with children, especially those in the immediate neighborhood of a home that has been burglarized, are excellent candidates for purchasing alarm systems. Because the female head of the household tends to instigate the purchase, women are probably a natural focus for any marketing effort. **SDM**

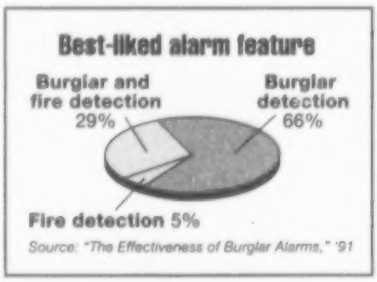
Simon Hakim and Andrew Buck are professors of economics at Temple University, Philadelphia. Watch future issues of SDM *for other articles in this series, which will discuss the effectiveness of non-residential alarm systems.*



Why do people buy security systems? The most often cited reason is because it's affordable protection.



Nearly half of the study's respondents said electronic security is just too expensive for their budgets. Almost an equal number have simply not considered an alarm system.


Best-liked alarm feature
Burglar and fire detection 29%
Burglar detection 66%
Fire detection 5%
Source: "The Effectiveness of Burglar Alarms," '91

Two-thirds of alarm owners liked their system's burglar detection feature best, while about three out of 10 bought a system for both the burglar and fire detection functions.

SDM® Update

Statistics on market conditions and trends

A new forecasting tool

By Laura E. Stepanek
Senior Editor, SDM

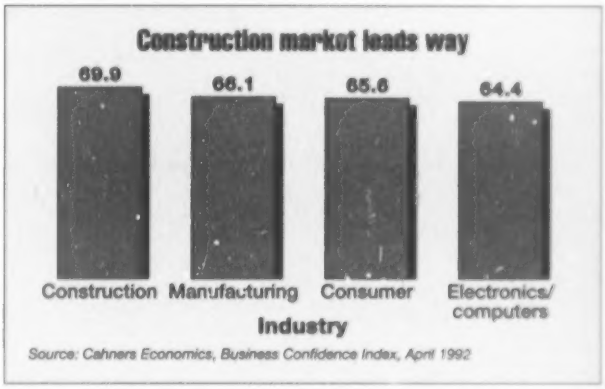
A new tool is available to help you track the health of the economy. The Business Confidence Index was developed by the Economics Dept. of Cahners Publishing Co., Newton, MA. Cahners also publishes *Security Distributing & Marketing*. Each month, the index surveys 400 U.S. manufacturing firms about business functions that affect the overall condition of the economy such as employment, marketing spending, production, capital spending, inventories, research and development spending, and product introductions.

The index registers overall, nationwide results, as well as results by region—Northeast, South, Midwest, and West. It also divides industry into four sectors—electronics/computers, general manufacturing, construction, and consumer. The construction sector results provide the closest economic indicator for the security industry. The companies surveyed for this sector are those that manufacture windows, doors, and other products for new construction, a market the security industry also serves.

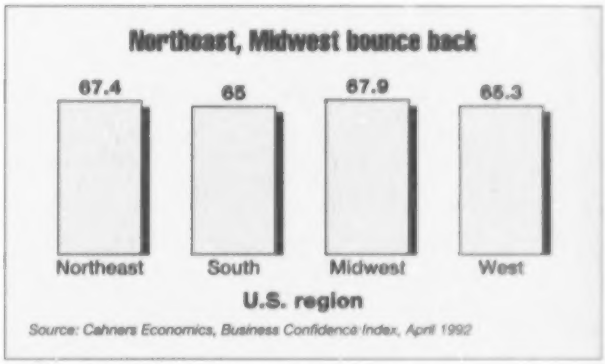
In April, the Business Confidence Index increased for the fourth consecutive month to 66.5 points. The business index scores can range from 0 to 100, with 50 being a neutral or base point.

Simply stated, numbers above 50 show economic growth and numbers below 50 indicate a shrinking economy.

The April survey provides the first firm evidence of planned employment increases. More than a third of survey respondents (37%) indicated that their businesses are planning to increase employment or hours worked over the next three months. Only 4% of the survey respondents are planning to scale back employment.



Companies that manufacture new-construction products had the greatest confidence in the U.S. economy in April.



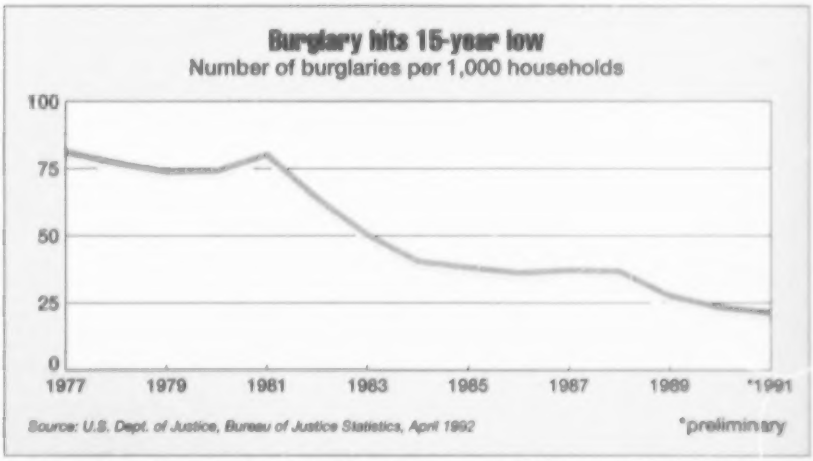
In April, manufacturing firms in the Northeast and Midwest recorded the highest business confidence levels.

Burglary rate hits all-time low

Preliminary 1991 crime figures, which have just been released, show that there were fewer burglaries last year than in 1990 and that the burglary rate is at or near its lowest point since the crime survey began in 1973. Between 1981 and 1991 alone, annual burglary rates have declined 40%.

The report, from the U.S. Department of Justice, which bases its information on the National Crime Victimization Survey, takes rising population into account by comparing annually the number of crimes per 1,000 households, not just the total number of crimes.

In 1991, there were an estimated 52.6 burglaries per 1,000 households. In 1986, the rate was 61.5. In 1981, it was 87.9.



Last year's estimated rate of 52.6 burglaries per 1,000 households is 40% lower than the 1981 rate.